Enterprise Zone Property Tax Credit

Program Purpose and Description.
This program was established in the early 1980's to encourage targeted investment in economically distressed areas as measured by unemployment, poverty status, population decline, or property abandonment. The City currently has 8 enterprise zones.

The ten year city property tax credit (for both real and personal property taxes) is based on an "eligible assessment," which is the difference between the base year value and the actual taxable assessed value after improvements are made to commercial properties in the Zone. The credit is 80% of the increased assessment in the first five years and in the sixth through tenth years, the credit declines by 10% annually, and full taxes are paid in the eleventh year (for real only if not in a focus zone). Businesses located in a State Focus Zone within an Enterprise Zone are eligible for 80% property tax relief (both real and personal) for a period of 10 years. Baltimore's Focus Zones are in the Carroll Camden and Westport Zone areas. The credits are transferable to the next property owner; however, another application must be filed.

Application Process:
Please visit http://baltimoredevelopment.com/busassist_eez.html for an application and application procedures. Please note that you must apply by the end of this year (December 31st) to be eligible for a credit next year. For example, you must apply by December 31st, 2006 to be eligible for 2007.

Contact-Enteprise Zone:
Sandra Gladden, Business Development Director
Baltimore Development Corporation
410-779-3852
sgladden@baltimoredevelopment.com

Contact-State Focus Zone
1-888-246-5941

Legal Reference
- Annotated Code of Maryland, Tax Property Article, Section 9-103.
- No local ordinance is required. The Board of Estimates requests the State to approve new zones from time to time.

Examples:

Greater than $250,000 in Improvements Within a State-Designated Enterprise Zone, Not Focus Zone

	Assessment Before Improvement	Assessment After Improvement	Improvement Value	EZ Credit % Calculated First	Amount Eligible for EZ Credit	City Tax Rate *	Credit Amount for EZ
Column	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Calculation			(2) - (1)		(3) * (4)		(5) * (6)
Year 1	$500,000	$800,000	$300,000	80%	$240,000	2.268	$5,443.20
Year 2	$500,000	$800,000	$300,000	80%	$240,000	2.268	$5,443.20
Year 3	$500,000	$800,000	$300,000	80%	$240,000	2.268	$5,443.20
Year 4	$500,000	$800,000	$300,000	80%	$240,000	2.268	$5,443.20
Year 5	$500,000	$800,000	$300,000	80%	$240,000	2.268	$5,443.20
Year 6	$500,000	$800,000	$300,000	70%	$210,000	2.268	$4,762.80
Year 7	$500,000	$800,000	$300,000	60%	$180,000	2.268	$4,082.40
Year 8	$500,000	$800,000	$300,000	50%	$150,000	2.268	$3,402.00
Year 9	$500,000	$800,000	$300,000	40%	$120,000	2.268	$2,721.60
Year 10	$500,000	$800,000	$300,000	30%	$90,000	2.268	$2,041.20

* Assumes no tax rate change during the five year credit period.

Greater than $250,000 in Improvements Within a State-Designated Enterprise Zone AND Focus Zone

	Assessment Before Improvement	Assessment After Improvement	Improvement Value	Enterprise Zone Credit % Calculated First	Amount Eligible for EZ Credit	City Tax Rate *	Credit Amount for EZ
Column	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Calculation			(2) - (1)		(3) * (4)		(5) * (6)
Year 1	$500,000	$800,000	$300,000	80%	$240,000	2.268	$5,443.20
Year 2	$500,000	$800,000	$300,000	80%	$240,000	2.268	$5,443.20
Year 3	$500,000	$800,000	$300,000	80%	$240,000	2.268	$5,443.20
Year 4	$500,000	$800,000	$300,000	80%	$240,000	2.268	$5,443.20
Year 5	$500,000	$800,000	$300,000	80%	$240,000	2.268	$5,443.20
Year 6	$500,000	$800,000	$300,000	80%	$240,000	2.268	$5,443.20
Year 7	$500,000	$800,000	$300,000	80%	$240,000	2.268	$5,443.20
Year 8	$500,000	$800,000	$300,000	80%	$240,000	2.268	$5,443.20
Year 9	$500,000	$800,000	$300,000	80%	$240,000	2.268	$5,443.20
Year 10	$500,000	$800,000	$300,000	80%	$240,000	2.268	$5,443.20

* Assumes no tax rate change during the five year credit period.